

# Federal Farm Policy Hearing

## Nebraska City, Nebraska

### March 4, 2006

Hi, I'm Danny Kluthe, a farmer from Dodge, Nebraska. I would like to thank you Mr. Secretary, Members of Congress, and forum participants. I'm married to my wife, Josie, and we have four daughters. We raise corn, soybeans, alfalfa, and hogs. The hog enterprise consists of an 8,000 early wean to finish hog setup. The pigs come in right off the sow weighing about 14 pounds and we finish with a 270-pound hog at market. I consider this operation profitable and successful.

I believe that the new farm bill must address very strong renewable fuels. The United States grows 1.2 billion bushels of corn and the world's largest supplier of soybeans. Ethanol and Biodiesel are value added, renewable resources. These industries are stimulating rural America. In 2004, the United States ethanol industry supported the creation of nearly 147,000 new jobs in all sectors of the economy; Added 1.3 billion dollars of tax revenue for the federal government; 1.2 billion dollars for State and local government, and added 25.1 billion dollars to gross output in the United States economy. Ethanol in 2004 reduced the trade deficit by 5.1 billion dollars eliminating the need to import 143.3 million barrels of oil.

On February 8, in St. Louis, Missouri EPA Administrator, Stephen Johnson, comments on the ability of United States Agriculture to meet the demand for Biodiesel and ethanol that can reduce U.S. dependence on foreign oil.

The President's speech on January 31, wants to make a goal of replacing more than 75% of oil imports with alternative sources by 2025. I think this is exciting and I know that if you give the American farmer incentives to get something done, it will happen.

In the new farm bill we need to keep the biodiesel tax incentive to create new markets for U.S. Soybean Oil, Support full funding of the Conservation Security Program and Equip Program. I firmly believe that the American farmer plays a significant role in alleviating world hunger, and that food aid should not be replaced by cash donations.

To keep the hog industry strong, exports play a huge role in price supports. I think China coming into the World Trade Organization is a huge market place for U.S. pork variety meats that have very little value at home. I think NAFTA and Uruguay Round Agreement have increases U.S. pork exports dramatically and should be protected.

The new farm bill should keep monies allocated for the CRP program. I put filter strips on my farm along the waterways. This not only stops run off and keeps the waterways clean, but the pheasants and wild life that also has huge benefits from this.

I would like to see a portion of the new farm bill have a greater incentive to promote renewable technology. For instance, I would like to see a .02/KW off federal income tax, for every KW of renewable electricity; whether it comes from wind or bio mass energy with no limit on size, as long as it is produced by private enterprise. I am aware that there is the 150 K.W. tax incentive now, but mine is an 80 K.W. unit and there could be a huge increase in renewable energy projects if we removed the 150 K.W. minimums for this tax incentive. I have Nebraska's first livestock methane digester. It produces electricity from the gases in the hog pits. The manure is fed daily to the digester in which the hogs replace. The bacteria in the digester break down the solids and produce a gas, which is pushed through a pipe to feed a 3306-caterpillar engine. The engine is connected to a generator that makes electricity in which is put into the power grid. This engine runs 24 hours a day, 7 days a week. The only down time is when I maintenance the engine and change the oil and oil filter. This is renewable energy to the extent. Once the slurry leaves the digester after about 21 days being in here, the slurry goes to a lagoon to be applied to a field process. The great benefit is the slurry is 95% odorless.

I am on the Colfax County Zoning board, and you want to see the court house fill up; have a livestock producer mention he wants to expand or put new hog barns up. It used to be every farm had livestock but that is not the case anymore. They do not smell their own odor and they do not want to smell yours either. With this digester, the odor is eliminated. You still have the sweet smell, but the offensive smell is gone. Every hog and dairy farm has methane and if there was an incentive to capture it, I know we could help to use less foreign bought oil and improve our environment.